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### **SOUTH SUBURBAN RESTAURANT OWNER INDICTED FOR ALLEGEDLY FILING FALSE TAX RETURNS BY CONCEALING \$2.2 MILLION IN CASH RECEIPTS**

CHICAGO — The owner of a south suburban restaurant was indicted on federal tax charges, alleging that he filed false federal individual and corporate income tax returns by under-reporting his gross corporate receipts by more than \$2.2 million, and his net personal income by approximately \$910,000 over three years. The defendant, **Gus Pappas**, 59, of Tinley Park, was charged in a six-count indictment that was returned late yesterday by a federal grand jury, Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois, and Alvin Patton, Special Agent-in-Charge of the Internal Revenue Service Criminal Investigation Division in Chicago, announced today.

Pappas was the sole owner and operator of Palos Garden, Inc., which did business as Palos Garden Restaurant, and most recently as Mr. G's Pancake House, located at 7164 West 127<sup>th</sup> St., in Palos Heights. He was charged with three counts of filing false federal individual income tax returns and three counts of filing false federal corporate income tax returns. He will be ordered to appear for arraignment at a later date in U.S. District Court.

“As taxpayers prepare to meet the April tax deadline, we encourage them to think of serious consequences, including potential criminal prosecution, for willfully presenting false information on their federal tax returns. All taxpayers must honor their civic and legal obligation to report all of their income and pay all of the taxes they owe,” Mr. Patton said.

According to the charges, between 2005 and 2007, Pappas failed to report to his accountant and to the IRS most of the restaurant’s cash receipts, and he understated the business’s gross receipts by hundreds of thousands of dollars each year. Pappas allegedly under-reported the restaurant’s gross receipts by a total of approximately \$2,222,000 for the calendar years 2005 through 2007. In turn, his net corporate income, which was required to be reported on his individual income tax returns, was understated by approximately \$910,00 during the same three years, the charges allege.

Each count of filing a false federal individual or corporate income tax return carries a maximum penalty of three years in prison and a \$250,000 fine. In addition, a defendant convicted of tax offenses faces mandatory costs of prosecution and remains civilly liable to the Government for any and all back taxes, as well as a potential civil fraud penalty of up to 75 percent of the underpayment plus interest. If convicted, the Court must determine a reasonable sentence to be imposed under federal statutes and the advisory United States Sentencing Guidelines.

The government is being represented by Assistant U.S. Attorney Stephen Heinze.

The public is reminded that an indictment contains only charges and is not evidence of guilt. The defendant is presumed innocent and is entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

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